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ID STATES CIVIL SERVICE CO UN

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON D.C. 20415

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FEB 1 0 1967

Government Employees Health Association, Inc. Post-Office Best 463 Washington, D. C. 20004

PLAN:

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As you will goon be preparing the Annual Accounting Statement on the operations of your plan under the Federal Employees Health Banefits Program, we believe a review of some of the requirements for the preparation of the statement may be appropriate. The statement shall cover operations for the period from January 1, 1966 through December 31, 1936. It should be received in the Complesion no later than March 31, 1967. However, we would appreciate receiving it at the earliest date possible. We keep you will follow closely the "Explanatory notices Applicable to Interim and Annual Accounting Statement" previously furnished you. The submission of all necessary supporting schedules and work papers will also facilitate car review.

On the attachment we are advising you of the amount of subscription charges paid and accrued during the contract period January 1, 1966. through December 31, 1965. Please verify our anounts to your records before compiling your Annual Accounting Statement and if any discrepancies are noted, we would appreciate your bringing them to our attention before releasing your statement. Please remember that the accrued subscription charges as of December 31, 1966 may have been shown on three SF 11662's following that date, i.e., January 10, January 25, and February 10, 1967. These would have been included in the "12-31-66 and prior" classification on the three vouchers.

It is important that the Health Benefits Paid reported in the Statement be in agreement with or readily reconcilable to the consolidation of your twelve Monthly Summary of Arising Claims and Claims Payments reports sent to Mr. Zisman, if your plan submits such reports.

The reporting of the Health Benefits Accrued amounts on line 2(B)(2) as the incurred but unpaid benefits as of December 31, 1966 must still be supported by attached schedules showing in detail the method by which the accrual is derived. Summary data on the liquidation of accruals established at December 31, 1965 should be submitted if such data could be readily reproduced.

are not cilcumble costs under this contract.

We again remind you that the actual incurred administrative expenses must not exceed the amount of percentage limitations of total subscription charges provided in your contract for this item. In support of these amounts we would appreciate schedules or reproduction of work papers which summarize the amount of expense incurred by account, i.e., salaries, rent, travel, etc. This schedule will be subject to audit and must be supported by books and records. Your attention is also drawn to that parties of your contract which provides that the administrative charges shall be only the "setual necessary incurred expenses determined on an equitable and reasonable basis with proper justification and accounting support." Certain items of expense such as advertising and premotion for new business, entertainment, donations and contributions

For the seventh contract period we will require only one Interim Accounting Statement. This statement shall cover the period 1-1-67 through 6-30-67 and be due in the Commission no later than August 31, 1967. However, the subscription charges covering this period will generally include the thirteen pay periods beginning on or after January 1, 1967. Of course annuitants will be covered for six menths.

We resticted in our February 10, 1966 letter that when a new supply of EF 2009 Wealth Ferefits Registration Form was re-ordered it would not include the preprinted carrier central number and the agencies would use the exployees' seedel security number instead. For several reasons this change has not as yet been made but is still being considered. We will inform you of further developments.

We wish to express our appreciation for the cooperation accorded us by you and your staff throughout the past contract period.

Sincerely yours,

Harred E. Hunsaker

Harold E. Hunsaker Chief, Systems & Audits Office

Attachment



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